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BARNSTABLE BROADCASTING, INC.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Radio-Television Cross-Ownership Rules	)	MM Docket No. 91-221
	)	

COMMENTS OF
BARNSTABLE BROADCASTING, INC.

Barnstable Broadcasting hereby files its comments on the Federal Communications Commission's Second Further Notice of Proposed Rule Making on the matter of Radio-Television Cross-Ownership.

Barnstable is a privately-owned, mid-sized group owner of radio stations. Barnstable owns and operates thirteen radio stations in four radio markets: Long Island, New York; Memphis, Tennessee; Akron, Ohio; and Des Moines, Iowa. We wish to voice our opposition to the FCC's consideration of further liberalizing cross-ownership provisions with respect to the Radio-Television Cross-Ownership Rule.

We oppose the Commission's inclination at this time to extend its presumptive Top 25 market/30 independently-owned voice waiver policy beyond the Top 25 markets to further include Radio-Television Cross-Ownership in the Top 50 markets. Beyond this and more specifically, we oppose any movement at this time to liberalize the waiver policy to make provision for entities that seek to own more than one FM and/or AM radio station <u>in</u> <u>addition</u> <u>to</u> one (or more) television station(s) in the same market.

It is clear that the effects of the 1996 Telecommunication Act on the make-up of local radio ownership have been rapid and dramatic. Aggressive purchasers of radio stations have moved quickly to form multi-station groups in local markets. While it is clear that purchasers have moved to take advantage of the full measure of liberalization in the Act's revised ownership provisions and

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that, as a consequence, the Act has monumentally altered the nature of local radio ownership in the United States, it cannot be clear at this time what long-term effect such developments will have on diversity and competition in the areas of programming, editorial viewpoint, and advertising sales in the local market. It has been less than a year since the Act was passed and rapid consolidation commenced: such a brief time-frame cannot be adequate to evaluate the consequences in each of these areas of this fundamental shift in the composition of ownership. Moreover, many of the radio station exchanges announced since the Act have yet to close and make their practical effects clear in the local marketplace.

Simple logic suggests that a dramatic reduction in the number of entities owning local broadcast facilities will produce a corresponding reduction in the diversity of local programming, editorial voices, and competition for advertising revenue. At this time, logic and likelihood are almost the only guides available to the Commission in setting policy on this ownership question. If it continues to be the Commission's goal to protect and enhance diversity in these areas, we believe the Commission would be well served to maintain an evaluative posture with respect to the still developing, long-term consequences of the accelerating rate of consolidation in local broadcast ownership.

In its *TV Ownership Further Notice* of 1995, the Commission has shown itself inclined to relax or eliminate entirely the one-to-a-market rule if it can be shown that radio stations and television stations do not compete in the same local advertising, program delivery, or diversity markets. Faced with evidence to this effect, the Commission has said it would relax entirely its cross-ownership rules and instead rely on local ownership rules specific to local radio ownership <u>or</u> local television ownership to guarantee competition and diversity in the marketplace.

We know, however, that radio stations and television stations <u>do</u> compete in the same local advertising, program delivery, and diversity markets. We see this in every market in which we operate. The common nature of the broadcast media market is most evident to us in Memphis, Tennessee (DMA 42), where cross-ownership waivers have for some time allowed two separate broadcasters to own and operate both radio and television stations. These co-owned television and radio stations strategically coordinate sales pitches to major broadcast advertisers. We find that they also coordinate promotional programs such as on-site broadcasts on both radio and television, which sometimes involves, for instance, the shared use of local television and radio broadcast personalities. A decision to extend the automatic waiver policy for radio-television cross-ownership beyond the top 25 markets would establish this kind coordinated sales, promotional, and programming activity as the rule rather than the exception. It would fundamentally change the competitive nature of mid-sized broadcasting markets.

That radio and television do operate in the same market is a view widely held by a significant number of broadcasters and indeed has been the basis for strong arguments, made by the National Association of Broadcasters (NAB) as well as numerous individual broadcasting corporations, to the Department of Justice and the Commission in seeking to allay concerns over the development of possible monopolistic control over advertising sales in local broadcasting markets. The most cohesive argument that radio and television stations compete in a common media market was delivered to the Department of Justice in the NAB-commissioned study of May 15, 1996: *Comments of the National Association of Broadcasters on the Advertising Product Market.* The anecdotal evidence we have provided above with respect to the coordination of television and radio sales and promotional practices in markets with which we are familiar provides further confirmation of the study's findings: radio and television compete as interchangeable alternatives in the local and national media market.

We recommend that the Commission postpone any judgment concerning the advisabilty of further liberalization of regulations governing cross-ownership of local broadcast facilities until the enormous changes already produced by the 1996 Telecommunications Act are more completely digested and demonstrated.

Respectfully submitted,

Michael A. Kaneb
Vice-President